



pepp

*It Pays To  
Belong*

New to the Public Employees Pension Plan (PEPP)? Have the opportunity to join the Plan? Here are some things you should know – about pensions in general and PEPP specifically.

PEPP is a defined contribution (DC) pension plan serving members since 1977. Today, PEPP is the largest DC plan in Canada.

## **RETIREMENT INCOME SOURCES**

Canadians have three basic sources of retirement income: Employment pensions, government programs and personal savings. Less than half of Canadians are members of an employer-sponsored pension plan. By joining PEPP, you earn an additional retirement income on top of the government sources (Canada Pension Plan and Old Age Security) and personal savings like Registered Retirement Savings Plans (RRSPs) and Tax-Free Savings Accounts (TFSA).

## **CONTRIBUTIONS**

Contributions to PEPP come off each paycheque, so saving for retirement is easy. Your employer also contributes every time you get paid. Your employer can tell you your contribution rates.

Another way to build your retirement savings with PEPP is by making voluntary contributions. Voluntary contributions also come off your paycheque.

## **MEMBERS-ONLY SAVINGS**

### SAVE EACH PAY PERIOD

When you contribute to PEPP, your taxable income on each paycheque drops immediately by the amount you contribute to the Plan—including voluntary contributions. This is different from personal RRSPs, in which your taxable income is not reduced until tax time.

### SAVE ON FEES

PEPP charges low fees because the Plan does not make a profit. As a member of the largest DC plan in the country, your fees would be lower than what you would pay at a bank or other financial institutions.

Lower fees means more money in your PEPP account. For example, if you invested \$10,000 in the PEPP Balanced Fund for 10 years with a six per cent rate of return you would pay \$779 in fees. In a mutual fund, the same investment with the same return you could end up paying \$1,294 to \$3,528 in fees.

## Retirement and More

The most obvious benefit to a pension plan is income at retirement. But there are also benefits if you leave your job before you retire, or in case of terminal illness or your death before retirement.

### Your Choice

PEPP members get to decide how they wish to invest their contributions - conservatively, aggressively or with a more hands-off approach. PEPP has eight investment options and plenty of help to choose the option that's right for you.

Your investment choice is important because in a DC plan, your retirement income is determined by two things: how much you and your employer contribute; and how much those contributions earn over the years.

#### Investing with PEPP

PEPP has eight investment options:

**SELECT ONE**

- PEPP Steps Fund (hands off approach\*, default option)
- Accelerated Growth Fund (most aggressive)
- Growth Fund
- Balanced Fund
- Moderate Fund
- Conservative Fund

**AND/OR** one or both

- Bond Fund
- Money Market Fund (most conservative)

\* The PEPP Steps Fund automatically changes your investments, becoming more conservative as you age.

If you are curious about investing with PEPP you may want to:

- visit the Investments section on the PEPP website;
- review your Welcome Book;
- fill out a PEPP Member Investor Profile;
- review the Fund Fact Sheets for each of the eight investment options; or
- schedule an appointment with PEPP staff for a one-on-one consultation.

When you retire, you have multiple retirement income options. You can open a Variable Pension Benefit account so your money continues to work for you in retirement while you draw retirement income or purchase an annuity to receive lifetime benefits. You can also use a combination of the two options.

### Want To Know More?

There are many ways to answer your questions, and experience PEPP's dedicated customer service.

- Phone or email our staff to ask a question or to schedule an appointment for a personal consultation.
- Visit our website to review the PEPP Member Booklet, where you will find more information about the Plan.

If you choose to join PEPP, you can also:

- view your PEPP account, through PEPP Access, our secure online website;
- use Retire@Ease™, our online retirement planning tool to get an idea how long your money will last in retirement; and
- attend one of our free workshops to learn more about your pension plan.

#### Here To Serve

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